

# Keep America Connected!

National Campaign for Affordable Telecommunications

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- National Hispanic Law Enforcement Association
- The National Trust
- National Latino Telecommunications Taskforce
- Northern Virginia Resource Center for Deaf and Hard of Hearing Persons
- Palm Beach County Association of the Deaf, Inc.
- Personal Family Service Corporation
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- Women Involved In Farm Economics
- Women of Distinction
- World Institute on Disability
- Youth Entrepreneurial Leadership Institute

**To:** Elizabeth Nightingale, Attorney  
Common Carrier Bureau  
Federal Communications Commission

**From:** Angela B. Ledford  
Executive Director  
Keep America Connected

**Re:** Keep America Connected NPRM Reply Comments  
CC Docket No. 98-147

**Date:** October 20, 1998

**Number of Pages:** 27, including cover sheet

As discussed, I am forwarding the revised Keep America Connected NPRM Reply Comments adding Alpha One and The World Institute on Disability to the Comments.

Thank you for your assistance and cooperation in this matter. If you have any questions, please contact me.

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Before the  
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Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of )  
 )  
Deployment of Wireline Services )  
Offering Advance Telecommunications )  
Capability )

CC Docket No. 98-147

Reply Comments of

- Keep America Connected
- American Telemedicine Association
- Harlem Consumer Education Council
- National Association of Development Organizations
- National Latino Telecommunications Task Force
- United Homeowners Association
- Alpha One
- The World Institute on Disability

October 16, 1998

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**Summary**

The undersigned organizations welcome the opportunity to reply in response to the Commission's "Deployment of Wireline Services Offering Advanced Telecommunications Capability" NPRM proceeding. The commenters' replies concern the deployment of advanced telecommunications capabilities for all Americans in a reasonable and timely manner, and the consideration of possible steps to accelerate such deployment, pursuant to Section 706 of the Telecommunications Act (Act) of 1996. There have been numerous comments filed in reference to this proceeding, and the matters addressed herein are crucial to achieving the profoundly important goals set forth by the Act.

Commenters represent a broad range of interests and organizations.<sup>1</sup> We are brought together on this filing because of our common view that the potential for the use of advanced telecommunications capabilities can contribute significantly to the quality of life in this country for all Americans.

To achieve this potential, two things are needed: high-speed, high-capacity connections to broadband networks where we live, work, learn and play, and sufficient capacity in the national data network or the Internet backbone to allow access for all Americans. The intent of Section 706 of the Telecommunications Act of 1996<sup>2</sup> (Act) was to help hasten the achievement of these goals. The Act was not intended to create a *Rube Goldberg* approach to providing advanced telecommunications services as currently required in the NPRM.

<sup>1</sup> See Appendix 1 for a description of each organization and its interests.  
<sup>2</sup> Public Law 104-104, February 8, 1996, 47 U.S.C. Section 157.

The statements presented here reflect a review of two areas addressed by the Commission: (1) the separate affiliate requirement, and (2) InterLATA relief.<sup>3</sup>

We have identified comments made and responded to requests for replies that are germane to these two issues: The required structure for a separate subsidiary and interLATA relief. The Commission's position on these issues will create a telecommunications environment wholly at odds with the intent of Section 706 and the broader vision embodied in the Act.

In its comments, AT&T stated that "limited separation requirements that the NPRM proposes for ILEC advanced services affiliates are legally deficient and would undermine competition."<sup>3</sup> MCI WorldCom stated "the Commission must strengthen considerably its proposed list of seven criteria...to create a wall of separation between the ILEC and its affiliate."<sup>4</sup>

The commenters do not believe that separate affiliates will bring forth the competition necessary to provide advanced telecommunications services throughout this country. The separate affiliate requirement will, in essence, create new CLECs, which will only compete for the high volume and more lucrative business users. The underserved communities (small urban, residential, inner city and rural) will continue to be underserved.

More alarmingly, we are witnessing separate and unequal information revolutions, in which high-speed access to the Internet is fragmented and not available to all segments of the population, including many businesses and rural, small urban and minority residents. While we appreciate the Commission's efforts to attempt to address

<sup>3</sup> Comments of AT&T Corp., CC Docket No. 98-147, September 25, 1998, p. v.

<sup>4</sup> Comments of MCI WorldCom, CC Docket No. 98-147, September 25, 1998, p.2.

the needs of rural Americans and elementary and secondary schools by providing specific and "targeted" interLATA relief, this is not enough. Further, the separate affiliate requirement is anti-competitive and will be harmful to consumers by artificially imposing unnecessary costs and requirements on local telephone companies to create these separate affiliates.

In their comments to the Commission, AT&T and MCI WorldCom stated that the Commission should not grant LATA boundary modifications to BOCs. The commenters disagree. While the commenters commend the Commission's efforts to address the problem regarding access to advanced telecommunications services in this nation, the Commission's approach of identifying specific segments in the nation in which interLATA relief may be granted will only bring further confusion to this issue. The Commission should remove regulatory barriers that deter the broadscale development of advanced telecommunications services. Further, the Commission wrongly assumes that local telephone companies are incumbents in development of advanced telecommunications services. Due to current Commission regulations and policies, the local telephone companies' investment into and development of advanced telecommunication services has been retarded when compared to other non-regulated entities, such as cable television companies. If the Commission is not inclined to grant overall interLATA relief, it should grant interLATA relief for local telephone companies to provide advanced telecommunications services on an end-to-end basis.

The intent of the Telecommunications Act of 1996 was to ensure that all Americans would receive access to advanced telecommunications services. The approach identified by the Commission in granting targeted or limited interLATA relief

may resolve some specific problems but will be inadequate in addressing the needs of other underserved communities, i.e., small urban areas, residential customers and inner-city areas.

Access to the Internet, and in particular to the multimedia World Wide Web, continues to be hampered by sluggish and piecemeal connections and unreliable service. The Commission's failure to grant overall interLATA relief will only add to the further development of piecemeal connections and will fail to foster the development of a comprehensive advanced telecommunications system which serves all Americans.

To remedy this situation, we strongly urge the FCC, at the earliest possible date, to fundamentally alter its policy by removing regulatory barriers and disincentives to new facilities-based competition and investments in the broadband market.

This can only be achieved by allowing local telephone companies to provide these advanced services directly to their customers throughout all of its business regions, without the impediments towards facilities and technologies investments current Commission policies and regulations mandate.

However, if the Commission is determined to continue to consider the separate affiliate requirement, it should reconsider the flexible competition-oriented affiliate approach the Commission established in its *Computer III* proceeding. The Commission should also allow the local exchange carriers to deliver broadband services across interLATA boundaries.

As a last alternative, if the Commission is unwilling to remove these regulatory obstacles immediately, it should at least insert a sunset provision for removing these

obstacles by the year 2000, when many emerging forms of facilities bypass will have reached maturity.

#### I. Separate Affiliates

In its comments, AT&T stated the "the separation requirement and safeguards the NPRM proposes are not adequate to permit advanced service affiliates to be deemed non-ILEC."<sup>5</sup>

The commenters disagree. The Commission should remove existing regulatory barriers to promote the development of advanced telecommunications services. Imposing separate affiliate requirements upon local telephone companies to avoid existing regulations will only substitute one set of regulatory barriers for another. Robert Crandall, an eminent economist has written that separate subsidiary requirements discourage the most efficient use of facilities, resulting in higher costs, and therefore higher prices."<sup>6</sup>

While the Commission's efforts to establish a structure for the development of "truly" separate affiliates to provide advanced services have been noted, in reality this requirement will not alleviate the problem currently found regarding the lack of the development of a comprehensive advanced communications system in this nation.

We are concerned that the Commission's proposal to require ILECs to establish separate subsidiaries to deliver advanced services is, in effect, a mandate to create a

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<sup>5</sup> Comments of AT&T Corp., CC Docket No. 98-147, September 25, 1998, p. 7.

<sup>6</sup> Affidavit of Robert Crandall, Comments of Bell Atlantic, CC Docket No. 96-21, March 13, 1996, p. 9.

a new CLEC, which will be as reluctant as the current CLECs are to deploy advanced telecommunications services except for high-end business users. While their perspectives on the issue are different, MCI WorldCom stated that "Permitting an ILEC local advanced service affiliate to be treated as a CLEC would facilitate a wide range of anticompetitive strategies."<sup>7</sup> The separate subsidiary requirements will create this new class of CLECs. The *San Jose Mercury News*, for example, reported this spring that businesses are "the main beneficiaries" of new CLEC-offered DSL services in the Bay Area area; "[h]ome users, on the other hand, suffer in comparison to those in less competitive markets..." According to the *News*, Covad, the Vice President of one of those CLECs, said that while half of his company's lines run to homes, they are for high-speed connections to corporate computer networks that are paid for by the employer.<sup>8</sup>

We, in short, question whether forcing the creation of new CLECs offers the most effective strategy to engender affordable new residential services. If the Commission believes a separate subsidiary is necessary, we urge it to adopt the "more flexible, competition-oriented" model of employing nonstructural safeguards established in its *Computer III* proceeding. In that proceeding, the Commission concluded that the "benefits of structural separation were outweighed by the costs, and that nonstructural safeguards could protect competing ESPs from improper cost allocation and discrimination by the BOCs while avoiding the inefficiencies associated with structural separation."<sup>9</sup> The Commission has found that nonstructural safeguards are effective. The Commission has permitted local telephone companies to offer a variety of products and

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<sup>7</sup> Comments of MCI WorldCom, CC docket No. 98-147, September 28, 1998, p. 22.

<sup>8</sup> "Home DSL Costs A Bundle In Bay Area - Competition Hasn't Reduced Prices," *San Jose Mercury News*, March 17, 1998.

<sup>9</sup> Further Notice of Proposed Rulemaking, FCC 98-8, January 30, 1998, p.10.

services, ranging from enhanced services to corridor interLATA services, directly rather than through separate affiliates.

AT&T stated that "state commissions may have an interest in regulating ILEC advanced services differently than other state providers."<sup>10</sup> The commenters have strong reservations regarding state overview of any part of this process. The commenters also question whether the Commission has considered the issue of state-by-state certification of these separate subsidiaries as new CLECs. The state certification process is lengthy and there is the distinct possibility that some of these new affiliates will be denied state certification. What incentive does this create for local telephone companies to heavily invest in the creation of these "truly" separate subsidiaries when the lengthy state certification process and possibility of state denial loom in front of them?

The actions recommended herein will provide important incentives for local telephone companies to offer advanced data services to homes, schools, health care facilities, universities, customers with disabilities,<sup>11</sup> and small businesses in their regions.

The deployment of advanced telecommunications capabilities is not occurring in a reasonable and timely manner, and that capability which is being deployed is grossly insufficient to meet high bandwidth needs and to ameliorate existing Internet access disparities. In fact, the deployment patterns of the most essential element of advanced telecom capability – the Internet backbone – are only exacerbating those disparities.

Control of the Internet backbone is concentrated in the hands of a small number of large companies (just three firms control or own about 70 percent of the backbone<sup>12</sup>) who

<sup>10</sup> Comments of AT&T Corp., CC Docket No. 98-147, September 25, 1998, p. 48.

<sup>11</sup> Pamela Gregory, Deputy Director of the FCC's Disabilities Issues Task Force, believes that Section 706 "[can] significantly benefit children with disabilities as well as children without disabilities and adults." See, Pamela Gregory. "The Telecommunications Act of 1996." 1998 Directory & Guide, 1997. Page 16.

continue to under-invest in new capacity as demand for new bandwidth grows very rapidly.

The handful of companies who control the Internet backbone also primarily target their services at large, profitable, high-volume user businesses, urban residents and those who can afford direct backbone connections. Generally, everyone else — small businesses, rural residents and middle and low-income persons — are at a marked disadvantage, whether it is defined in terms of bandwidth access, costs, quality and speed of service, or some combination of these things. The new “truly” separate affiliate will be forced to operate in the same manner as the current CLECs to compete in this marketplace, in our opinion, to the detriment of the general public.

To illustrate some of the largest backbone network providers are also CLECs, and only a few provide residential service. Absent the wake-up call of new competition, many of these large backbone operators have shown little inclination to expand their backbones to regions beyond the largest and most lucrative metropolitan areas. We question why the newly created “truly” separate affiliates would act any differently, as backbone providers, than do the current CLECs?

Many rural areas of the country and certain states, such as West Virginia, Northern New England, Minnesota, Montana, and Maine, are not even near backbone interconnection points. And since traffic is often back hauled from these areas to major interconnection points hundreds of miles away, using smaller and slower lines, the residents of these areas are routinely burdened with slower access speeds and higher costs.

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<sup>12</sup> “The Need For Facilities-Based Competition Internet Backbone Competition,” by Robert C. Gibson, May 6, 1998, p. 9.

The lack of sufficient backbone investments likely has an adverse ripple effect by also discouraging deployment of advanced broadband services to the home and home use of the Internet. According to a recent survey by Keynote Systems, average speeds for transport across the backbone networks are only in the range of 40 kilobits per second (kbps).<sup>13</sup> Not only is that slower than the 56-kbps modems many consumers have purchased recently, it is also much slower than the 128 kbps speed of the ISDN services. Warned the editor of the authoritative Boardwatch Magazine, "[I]ncreasing bandwidth to the home or office beyond ISDN speeds will probably *not improve the Web experience for end users until backbone connectivity improves dramatically...*"<sup>14</sup> (emphasis added). As Dr. Robert Randall and Charles Jackson explained in their report, "Eliminating Barriers to DSL Service" (July 1998), pervasive DSL regulation takes away key Bell companies' incentive to invest in technology.

To reiterate, the requirement of "truly" separate subsidiaries for delivering advanced services will not help engender affordable access for citizens. This requirement will delay the deployment of advanced telecommunications services, depriving consumers, in all areas of this country, of the advanced telecommunications services that they need. However, since the Commission deems that separate subsidiaries are necessary, it should reconsider the "more flexible, competition-oriented" model it established in its *Computer III* Proceeding.

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<sup>13</sup> "Net Jams Hinder Faster Connections," CNET News.Com, October 22, 1997.

<sup>14</sup> "First Independent Ranking of Internet Backbones Rates CompuServe Tops in Performance," Boardwatch Magazine press release, June 25, 1997 (see <http://www.keynote.com/company/announcements/pr062597.html>.)

## II. InterLATA Relief

In its comments, "Sprint believes no LATA boundary modifications are necessary in order to allow adequate deployment of advanced services."<sup>15</sup> MCI WorldCom seconded Sprint's assertion and stated "the Commission must not grant LATA boundary modifications to the BOCs."<sup>16</sup>

The commenters strongly disagree with Sprint's and MCI WorldCom's assertions. The Commission should immediately grant overall interLATA relief to local telephone companies to provide advanced telecommunications services. The rapid growth of the Internet clearly demonstrates an immediate demand for Internet access at higher speeds than are now standard and for other forms of advanced services. But as suggested earlier, the challenges which policymakers must face deal less with the rapidity of the demand, and more with the failings of those who control supply to respond to demand.

The consequences are not insignificant. Access to the Internet, and in particular to the multi-media World Wide Web, continues to be hampered by sluggish connections and unreliable service. According to a recent study by NetRatings, as reported in *The New York Times*, "the average Internet user wastes just over nine minutes per day, or 55 hours per year, waiting for Web pages to load -- fully 26 percent of all time on the Internet."<sup>17</sup> The continuing "World Wide Wait" not only means slower Net surfing, it undoubtedly also translates into a slower development of all types of Internet activity, from commerce to online education to health care.

<sup>15</sup> Comments of Sprint Corporation, CC Docket No. 98-147, September 25, 1998, p. 42.

<sup>16</sup> Comments of MCI WorldCom, CC Docket No. 98-147, September 28, 1998, p. 89.

<sup>17</sup> "Report Puts a Number on the World Wide Wait," *The New York Times, Cybertimes*, August 8, 1998.

The adverse effects of failing to meet the demands for Internet and advanced services go well beyond slow Internet surfing. Much is at stake, affecting all aspects of our society.

Telemedicine, distance learning, video relay, telecommuting and other on-line applications to homes, schools, libraries, colleges and universities, healthcare facilities, and workplaces will only be possible if we have affordable high-speed connections to where we live, learn, work and play and if the Internet backbone grows to meet new demands for capacity and speed.

In its comments to the Commission, MCI WorldCom stated:

MCI WorldCom understands the need to supply rural areas with the same access to advanced capabilities as is available to other parts of the nation; however, LATA boundary modification is not necessary to provide rural areas with access. Contrary to their arguments, the BOCs are not the only companies that are committed to serving rural customers.<sup>18</sup>

The commenters question the sincerity of this commitment. This is not a distant issue of tomorrow but an urgent need of today. The lack of an adequate Internet backbone in West Virginia is a case in point. West Virginia is a rural state with small metropolitan areas. Nevertheless, the state has initiated numerous innovative programs to ensure that its citizens will have access to an advanced statewide communications infrastructure. West Virginia is endeavoring to ensure that its public services, i.e., schools and libraries, and its economic development initiatives have the necessary Internet and high-speed connections to allow for the continued development and use of these necessary data communications systems. However, the significant initiatives and accomplishments of West Virginia to keep pace with the challenges of providing a

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<sup>18</sup> Comments of MCI WorldCom, CC Docket No. 98-147, September 28, 1998, p. 90.

workable communications infrastructure will be destined to failure unless an interLATA high-speed bandwidth is made available.

In the comments made by AT&T, MCI, Sprint and other service providers in West Virginia to the Commission in response to the Petition of Bell Atlantic - West Virginia for Authorization to End West Virginia's Bandwidth Crisis (CC Docket No. 98-11), the firms stated that there are a variety of high-speed connections in place (cable television fiber optic lines, other fiber links between some of the cities in the state and the installation of an insufficient number of SONET rings and T-3s). In their comments, AT&T and MCI WorldCom requested that the Commission reject Bell Atlantic's Emergency Petition. MCI WorldCom stated to the Commission that West Virginia is not suffering from a bandwidth crisis; however, MCI in its comments to the Commission regarding the Emergency Petition, stated "MCI is cognizant of the growing demand for Internet access and services. The demand for such services has grown at unprecedented and exponential rates, resulting in a temporary exhaustion of Internet capacity in West Virginia."<sup>19</sup> Sprint admitted, "it has capacity constraints of its own in northern West Virginia at the present time."<sup>20</sup> The admissions of MCI and Sprint readily confirm the existence of a bandwidth crisis in West Virginia.

The approaches of AT&T, MCI and Sprint to develop an Internet backbone in West Virginia are piecemeal, at best, and do not adequately address the needs of the state in the development of an advanced statewide communications network. Such a network

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<sup>19</sup> Comments of MCI Telecommunications Corporation in Petition of Bell Atlantic - West Virginia for Authorization to End West Virginia's Bandwidth Crisis, CC Docket No. 98-11, filed August 10, 1998, p.2.

<sup>20</sup> Comments of Sprint Corporation in Petition of Bell Atlantic - West Virginia for Authorization to End West Virginia's Bandwidth Crisis, CC Docket No. 98-11, filed August 12, 1998, p.3.

is necessary to ensure that state government agencies, schools, libraries, health care providers, and commercial activities and development will be able to meet the challenges of explosive growth in the areas of data transmission and other high-speed communications. The investments made in West Virginia by the other bandwidth service providers have demonstrated a lack of commitment to the citizens of this state, to the state's detriment. While West Virginia is an excellent example of the IXCs' failure to develop advanced telecommunications services in a rural area, it is not a singular problem to this state or to rural areas alone.

Robert C. Gibson, in his study entitled "The Need For Facilities-Based Internet Backbone Competition," stated that "currently twenty-three LATAs in thirteen northeast and Mid-Atlantic states have no national backbone point of presence."<sup>21</sup>

If the Commission will not grant overall interLATA relief, the Commission should grant LATA boundary modifications to permit local telephone companies to carry traffic to the nearest network access point. This would particularly benefit rural and other areas the existing providers have ignored.

Many of our large, respected universities have been rightly complaining about their failure to obtain high bandwidth Internet access for crucial research endeavors.

Brown University, for example, recently stated:

Brown is deeply concerned that the emerging Internet2 and vBNS traditional IXC providers such as Sprint dominate network and MCI. Brown believes the best means to accomplish affordable access to the future wide-area broadband networks is to allow healthy competition among all potential providers. Currently Brown is experiencing the failures of lack of competition for high bandwidth access in our attempt to acquire a DS3 link from Providence to Boston. Out service requests to MCI have been rejected due to 'lack of capacity.' Lack of capacity has created a demand-supply relationship that is not in

<sup>21</sup> Robert C. Gibson, "The Need For Facilities-Based Internet Backbone Competition," May 6, 1998, p.29.

Brown's best interest.<sup>22</sup>

Several colleges and universities have echoed these views.<sup>23</sup> As members of the I2 Consortium and regional Internet consortia, they recognize not only the need for new Internet backbone, but also the important role that new competition from local telephone companies can play in the high-end data market. The Commission should permit local telephone companies to provide Internet and Extranet services to businesses, universities and health care providers.

Demand for high-speed data services and Internet backbone for educational purposes will likely increase markedly in the near future, in part, as a result of forward-looking provisions of the Act. The Snowe-Rockefeller provision<sup>24</sup> provides discounts on telecommunications services, including connections, inside wiring and Internet services, to schools, libraries and rural health care providers. When the benefits of Snowe Rockefeller are fully realized, demand for Internet backbone will soar as teachers, students, librarians, health care providers and others use the Internet as an integral part of their daily activities. But without incentives for the deployment of new backbone, the Internet may prove to be of limited value as a teaching and informational resource or as a tool to level the playing field for students with disabilities. The requirements of Section 255 of the Act that people with disabilities have access to advanced telecommunications

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<sup>22</sup> Letter from Brown University's Director of Communications in support of Bell Atlantic's request for relief from interLATA restrictions on broadband networks, November 14, 1997.

<sup>23</sup> In addition to Brown University, petition supporters include Boston University, George Mason University, West Virginia University, Virginia Polytechnic and State University, The University of Maine System, The Massachusetts Institute of Technology, NYSErNet, Virginia Commonwealth University, and The Virginia Community College System.

<sup>24</sup> Public Law 104-104, February 8, 1996, 47 U.S.C. Section 254.

capabilities may only be fully realized if high-speed, high-capacity data services are widely available.

A school can be connected to the Internet with xDSL service or a T-1 line and students can speed to the Internet over xDSL connections from their homes, but if they only receive data at the equivalent of 28.8 kbps or 56.6 kbps modem speed, the full potential of the Internet in the classroom will not be achieved.

In addition to concentration of Internet backbone control, federal policies are serving to impede or discourage the new competition and investment necessary to alleviate the problems of limited backbone capacity and uneven access to broadband networks.

These policies do not appear to reflect a full appreciation of the inherent differences between the geographically sensitive voice network and the geographically insensitive Internet. Longstanding concepts developed around the circuit-switched network, such as "local" or LATAs and "long distance" neither can nor should be applied to a packet-switched Internet where geographical boundaries are virtually meaningless and where, in fact, communications are often local and global simultaneously.

Nonetheless, the Commission has continued to impose interLATA restrictions on deploying packet-switched networks, even though the concept of boundaries is meaningless on the Internet.

As long as interLATA restrictions keep new entrants out of the backbone market, the lack of competition will continue to discourage or limit new investments in backbone capacity. The commenters' question how the Commission determined that these areas

should be considered for limited interLATA relief and areas such as inner cities and urban and suburban areas not currently served should not be considered.

### III. Conclusion

We urge the Commission to permit local exchange carriers (1) to provide advanced telecommunications services without the separate affiliate requirement, but if the Commission requires a separate affiliate it should establish a more competition-oriented model for separate affiliates as noted in the Commission's Computer III Proceeding; and (2) to deliver advanced data services over interLATA boundaries or, at the very minimum, in-region interLATA relief should be granted, to help expand broadband access and ease Internet congestion in heavily populated areas, such as the Northeast.

Just a few years ago, information that sped over the Internet was largely in the form of text. Today, on-line applications are filled with complex graphic material and streaming audio and video. Higher bandwidth and faster speeds are necessary so that consumers, students, teachers, health care professionals, businesses, people with disabilities, community organizations, government representatives and others can benefit from the Internet's potential.

The continued development of telemedicine and home health care, for example, will not occur absent the wider deployment of high-bandwidth networks. The bandwidth requirements for advanced telemedicine are significant, but so are the potential benefits. Home health care in rural regions -- where it is often a necessity -- can be particularly facilitated and enhanced through the increased availability of broadband services.

To further illustrate the point, Americans who are blind were able to surf the net quite well in the days of text-based services. Today, they face new barriers in using information included in graphics and other components of web pages. The rapid deployment of advanced telecommunications services will help overcome these barriers.

Regulatory forbearance will encourage the harnessing of the market's best forces to help attain these goals.

There is growing evidence that certain federal policies and business forces are helping create a telecommunications environment wholly at odds with the intent of Section 706 and the broader vision embodied in the Act. Lacking broadband access, most Americans have yet to secure the benefits intended by Section 706. Many are also paying the costs through slow, inferior quality Internet connections.

As Chairman Kennard noted:

We have in this country already 40 million households that have home computers and most of those computers have more computing power than can be accommodated by the pipe into the home...So we've got to find ways in this country to increase bandwidth capacity.

We have already noted that the deployment patterns of backbone providers place rural residents, small businesses and the poor at an access and service disadvantage. In fact, an assessment of the Internet's infrastructure by New York's University's Taub Urban Research Center has found that "less urbanized areas, economically distressed cities and interior regions lag the nation in Internet development."<sup>25</sup> Another recent New York University study also suggests that the poor rely on schools, libraries and community centers for their primary access to the Internet -- public institutions which are

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<sup>25</sup> "Net Equity: Class Divisions Emerging on the Net," by Mitchell L. Moss and Steve Mitra, Taub Urban Research Center, New York University, August 1998.

still struggling to make full use of standard Internet access, much less broadband access.<sup>26</sup> In addition, Vanderbilt University documented "a racial discrepancy on the Internet, reporting that "[e]ven whites who do not have home computers found it easier to get on the World Wide Web than blacks."<sup>27</sup>

Relief from regulatory barriers to deployment of advanced telecommunications services under Section 706 will not likely by itself fully bridge all these divides. But it will certainly help mitigate their severity. Relief will provide important incentives for investments by local telephone companies -- and their competitors -- to develop and deploy broadband services in areas that are currently not served or are under served. Relief will also encourage badly needed new investments by the local companies, and their competitors, in the Internet backbone.

Regulatory relief, in short, is a vital prerequisite for helping meet the basic goals of Section 706 and the Act.

Few actions will do more to help fulfill the Act's greatest promise: to ensure that all Americans have an opportunity to harvest the myriad benefits of the digital revolution.

Respectfully submitted,

  
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Harlem Consumer Education Council

<sup>26</sup> "Digital divide an income gap," CNET News.Com, August 20, 1998.

<sup>27</sup> "Racial Discrepancy on Net," CNET News.Com, April 16, 1998.



**National Association of Development Organizations**

**National Latino Telecommunications Task Force**

**United Homeowners Association**

**Alpha One**

**World Institute on Disability**



# Appendix 1

Keep America Connected (KAC) is an organization comprised of groups whose demonstrated goals involve promoting a variety of telecommunications services. The primary goal of KAC is that regardless of income, race, disability, age, ethnicity or geographical location affordable, access to the use of the modern telecommunications infrastructure and services should be available. This goal is best achieved through the rapid development of a fully competitive marketplace that ensures that consumers across the nation will have access to more services at lower prices.

The American Telemedicine Association (ATA) is an association whose objective is to promote improvement in the health care industry through telecommunications technology and broad based community telecommunications applications. The organization was instrumental in forming the Telemedicine Advisory Committee advising the FCC on implementing provisions on the Telecommunications Reform Act that provide for telecommunications services to rural health care providers.

Harlem Consumer Education Council, Inc. is a consumer advocacy, consumer education and training organization based in New York City, New York. Among its activities is sponsorship of "Harlem Consumer Awareness Day", a joint conference with state and federal agencies.

The National Association of Development Organizations (NADO) is a public interest group founded in 1967 to promote community and economic development in America's small metropolitan and rural areas. NADO is a leading advocate for a regional approach to community and economic development. The association's primary goal is to assure all rural citizens have employment opportunities, public services and a quality of life comparable to other Americans. NADO's members are regional development

organizations whose staff provide professional assistance to local governments, businesses, and nonprofit organizations. Regional development organizations help identify local needs and priorities, and are catalysts for strategic planning in rural communities. The functions of regional organizations vary depending on the needs of local citizens and may include: small business financing, infrastructure and housing development, job training, environmental protection, and services for the poor and seniors. Each region is governed by a policy board of elected officials, business leaders, and citizen representatives.

The National Latino Telecommunications Taskforce (NLTT) was formed by a select group of Latino leaders concerned with the role of Latinos in the development of the National Information Infrastructure. The organization wants to ensure that the Latino community, minorities, the elderly, poor, the unskilled and non-English speaking immigrant populations will have an opportunity to participate in the information superhighway by ensuring that barriers to universal access are overcome.

The United Homeowners Association (UHA) is a national, nonprofit membership based organization that represents the interests of homeowners in Washington, D.C. UHA has an active communications advocacy program on behalf of its members. UHA has promoted the interests of homeowners in telecommunications to Congress, before the FCC and in the Courts.

Alpha One is the largest center for independent living in Maine. Its members consist of both executives and managers who have disabilities and those who do not. Consumers of services have a wide range of disabilities including physical, sensory, developmental and multiple. Four offices located statewide enable thirty professional staff, many with disabilities themselves, to respond to the diverse needs of people across Maine. Alpha

One is also a leading advocate in shaping public policy to address and integrate the needs of people with disabilities especially in the area of telecommunications.

The World Institute on Disability (WID) is a private, nonprofit organization that serves a research, training and public policy development center for the disability rights and independent living movements. Its Board of Directors and staff are predominately people with a wide variety of disabilities, and its work focuses on policy areas that are critical to the integration of people with disabilities into society. WID's Division on Technology Policy serves as a resource for disability organizations and individual activists who believe that people with disabilities can be empowered through technology. Its work centers search for ways to remove and prevent barriers to such use in the design of technology.